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**SENATE BILL 5422**

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**State of Washington**

**57th Legislature**

**2001 Regular Session**

**By** Senators Patterson, Franklin and Kline; by request of Governor Locke

Read first time 01/22/2001. Referred to Committee on State & Local Government.

1 AN ACT Relating to consolidating the department of retirement  
2 systems and the department of personnel; amending RCW 41.06.020,  
3 41.06.130, 41.50.010, 41.54.010, 43.17.020, 42.17.2401, and  
4 43.33A.020; reenacting and amending RCW 43.17.010; adding a new  
5 section to chapter 41.06 RCW; adding a new chapter to Title 43  
6 RCW; creating new sections; repealing RCW 41.06.030, 41.50.020,  
7 and 41.50.050; and providing an effective date.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

9 NEW SECTION. **Sec. 1.** The legislature recognizes that the  
10 challenge of attracting and retaining skilled employees to carry  
11 out vital state government functions is of utmost importance. This  
12 task is even more critical as state agencies face an increasingly  
13 competitive job market and an aging state work force that is  
14 retiring in record numbers.

15 To meet this challenge effectively, the state must have an  
16 integrated human resources management structure to address  
17 comprehensively present and future work force needs. The state's  
18 pension, compensation, and personnel laws, policies, and practices

1 must be coordinated and focused on ensuring productive employees  
2 and well-managed systems to support agencies, employees, the  
3 legislature, and the public. The current state structure is  
4 fragmented, with personnel, compensation, and retirement functions  
5 in separate agencies. This makes administrative efficiencies and  
6 economies, improvements in customer service and employee  
7 communications, and strategic planning and systems integration  
8 more difficult to achieve.

9 It is, therefore, the intent of the legislature to consolidate  
10 operations of the departments of personnel and retirement systems  
11 to unify human resources functions for state government. To  
12 accomplish this goal, this act transfers the powers, duties, and  
13 functions of the departments of personnel and retirement systems  
14 to a new department of human resources.

15 By combining the two agencies, the legislature expects a  
16 strengthened and streamlined department of human resources. In  
17 addition to current duties, it is the intent of the legislature  
18 that the new department, subject to available resources,  
19 concentrate its efforts on the following goals and objectives:

20 (1) Implementation of an integrated state work force plan that  
21 addresses the present and future skill needs of state agencies;

22 (2) Development of coordinated personnel, compensation, and  
23 retirement information services and systems to support employees,  
24 management, the legislature, and the public; and

25 (3) Achievement of efficiencies and economies in  
26 administration.

27 NEW SECTION. **Sec. 2.** Unless the context clearly requires  
28 otherwise, the definitions in this section apply throughout this  
29 chapter.

30 (1) "Department" means the department of human resources.

31 (2) "Director" means the director of human resources.

32 NEW SECTION. **Sec. 3.** There is created a department of state  
33 government to be known as the department of human resources. The  
34 department is vested with all powers and duties transferred to it  
35 under this chapter and such other powers and duties as may be  
36 authorized by law. The department of personnel and the department

1 of retirement systems are abolished and their powers, duties, and  
2 functions are transferred to the department of human resources. All  
3 references in the Revised Code of Washington to the director or  
4 department of personnel or the director or department of  
5 retirement systems shall be construed to mean the director or  
6 department of human resources.

7 NEW SECTION. **Sec. 4.** The executive head and appointing  
8 authority of the department is the director. The director shall be  
9 appointed by the governor, subject to confirmation by the senate,  
10 and shall serve at the pleasure of the governor. The director shall  
11 be paid a salary to be fixed by the governor in accordance with  
12 RCW 43.03.040.

13 NEW SECTION. **Sec. 5.** In addition to other powers and duties  
14 granted or transferred to the director, the director shall have  
15 the following powers and duties:

16 (1) Supervise and administer the department in accordance with  
17 law;

18 (2) Appoint personnel and prescribe their duties. Except as  
19 otherwise provided by law, personnel of the department are subject  
20 to chapter 41.06 RCW, the state civil service law;

21 (3) Appoint a deputy director and such assistant directors and  
22 special assistants as may be needed to administer the  
23 department. These employees are exempt from the provisions of  
24 chapter 41.06 RCW, the state civil service law;

25 (4) Enter into contracts on behalf of the department;

26 (5) Adopt such rules as are necessary to carry out the powers,  
27 duties, and functions of the department, except where rule-making  
28 authority is otherwise granted by law to the personnel resources  
29 board;

30 (6) Delegate powers, duties, and functions as the director  
31 deems necessary for efficient administration, but the director  
32 shall be responsible for the official acts of the officers and  
33 employees of the department;

34 (7) Advise the governor and the legislature with respect to  
35 matters under the jurisdiction of the department;

1 (8) Accept and expend grants, gifts, or other funds that are  
2 related to the purposes of the department;

3 (9) Carry out the policies of the governor;

4 (10) Create or abolish such administrative structures internal  
5 to the department as the director deems appropriate, except as  
6 otherwise specified by law; and

7 (11) Establish advisory groups as may be necessary to carry out  
8 the purposes of the department.

9 NEW SECTION. **Sec. 6.** This chapter shall not be construed to  
10 interfere with the powers, duties, and authority of the Washington  
11 personnel resources board created in RCW 41.06.110.

12 NEW SECTION. **Sec. 7.** A new section is added to chapter 41.06  
13 RCW to read as follows:

14 In addition to the exemptions under RCW 41.06.070, the  
15 provisions of this chapter shall not apply in the department of  
16 human resources to the director, the director's personal  
17 secretary, the deputy director, all assistant directors and  
18 special assistants, and one confidential secretary for each of  
19 these officers.

20 NEW SECTION. **Sec. 8.** (1)(a) All reports, documents, surveys,  
21 books, records, files, papers, or written material connected with  
22 the powers, duties, and functions transferred by this act shall be  
23 delivered to the custody of the department of human resources. All  
24 cabinets, furniture, office equipment, motor vehicles, and other  
25 tangible property employed in connection with the powers, duties,  
26 and functions transferred by this act shall be made available to  
27 the department of human resources. All funds, credits, or other  
28 assets held in connection with the powers, duties, and functions  
29 transferred by this act shall be assigned to the department of  
30 human resources.

31 (b) Any appropriations made in connection with the powers,  
32 duties, and functions transferred by this act shall, on the  
33 effective date of this section, be transferred and credited to the  
34 department of human resources.

35 (c) If any question arises as to the transfer of any personnel,

1 funds, books, documents, records, papers, files, equipment, or  
2 other tangible property used or held in the exercise of the powers  
3 and the performance of the duties and functions transferred, the  
4 director of financial management shall make a determination as to  
5 the proper allocation and certify the same to the state agencies  
6 concerned.

7 (2) All employees of the department of retirement systems and  
8 the department of personnel are transferred to the jurisdiction of  
9 the department of human resources. All employees classified under  
10 chapter 41.06 RCW, the state civil service law, are assigned to  
11 the department of human resources to perform their usual duties  
12 upon the same terms as formerly, without any loss of rights,  
13 subject to any action that may be appropriate thereafter in  
14 accordance with the laws and rules governing state civil service.

15 (3) All rules and all pending business before any agency of  
16 state government pertaining to the powers, duties, and functions  
17 transferred by this act shall be continued and acted upon by the  
18 department of human resources. All existing contracts and  
19 obligations shall remain in full force and shall be performed by  
20 the department of human resources.

21 (4) The transfer of the powers, duties, functions, and  
22 personnel under this section shall not affect the validity of any  
23 act performed before the effective date of this section.

24 (5) If apportionments of budgeted funds are required because of  
25 the transfers directed by this section, the director of financial  
26 management shall certify the apportionments to the agencies  
27 affected, the state auditor, and the state treasurer. Each of these  
28 shall make the appropriate transfer and adjustments in funds and  
29 appropriation accounts and equipment records in accordance with  
30 the certification.

31 (6) Nothing contained in this section may be construed to alter  
32 any existing collective bargaining unit or the provisions of any  
33 existing collective bargaining agreement until the agreement has  
34 expired or until the bargaining unit has been modified by action  
35 of the personnel resources board as provided by law.

36 **Sec. 9.** RCW 41.06.020 and 1993 c 281 s 19 are each amended to read  
37 as follows:

1 Unless the context clearly indicates otherwise, the words used  
2 in this chapter have the meaning given in this section.

3 (1) "Agency" means an office, department, board, commission, or  
4 other separate unit or division, however designated, of the state  
5 government and all personnel thereof; it includes any unit of  
6 state government established by law, the executive officer or  
7 members of which are either elected or appointed, upon which the  
8 statutes confer powers and impose duties in connection with  
9 operations of either a governmental or proprietary nature.

10 (2) "Board" means the Washington personnel resources board  
11 established under the provisions of RCW 41.06.110, except that  
12 this definition does not apply to the words "board" or "boards"  
13 when used in RCW 41.06.070.

14 (3) "Classified service" means all positions in the state  
15 service subject to the provisions of this chapter.

16 (4) "Competitive service" means all positions in the classified  
17 service for which a competitive examination is required as a  
18 condition precedent to appointment.

19 (5) "Comparable worth" means the provision of similar salaries  
20 for positions that require or impose similar responsibilities,  
21 judgments, knowledge, skills, and working conditions.

22 (6) "Noncompetitive service" means all positions in the  
23 classified service for which a competitive examination is not  
24 required.

25 (7) "Department" means an agency of government that has as its  
26 governing officer a person, or combination of persons such as a  
27 commission, board, or council, by law empowered to operate the  
28 agency responsible either to (a) no other public officer or (b)  
29 the governor.

30 (8) "Career development" means the progressive development of  
31 employee capabilities to facilitate productivity, job  
32 satisfaction, and upward mobility through work assignments as well  
33 as education and training that are both state-sponsored and are  
34 achieved by individual employee efforts, all of which shall be  
35 consistent with the needs and obligations of the state and its  
36 agencies.

37 (9) "Training" means activities designed to develop job-related  
38 knowledge and skills of employees.

1 (10) "Director" means the director of (~~personnel~~) human  
2 resources appointed under (~~the provisions of RCW 41.06.130~~)  
3 section 4 of this act.

4 (11) "Affirmative action" means a procedure by which racial  
5 minorities, women, persons in the protected age category, persons  
6 with disabilities, Vietnam-era veterans, and disabled veterans are  
7 provided with increased employment opportunities. It shall not mean  
8 any sort of quota system.

9 (12) "Institutions of higher education" means the University of  
10 Washington, Washington State University, Central Washington  
11 University, Eastern Washington University, Western Washington  
12 University, The Evergreen State College, and the various state  
13 community colleges.

14 (13) "Related boards" means the state board for community and  
15 technical colleges; and such other boards, councils, and  
16 commissions related to higher education as may be established.

17 **Sec. 10.** RCW 41.06.130 and 1993 c 281 s 26 are each amended to read  
18 as follows:

19 (~~The office of director of personnel is hereby established.~~

20 ~~(1) The director of personnel shall be appointed by the~~  
21 ~~governor. The governor shall consult with, but shall not be~~  
22 ~~obligated by recommendations of the board. The director's~~  
23 ~~appointment shall be subject to confirmation by the senate.~~

24 ~~(2) The director of personnel shall serve at the pleasure of~~  
25 ~~the governor.~~

26 ~~(3) The director of personnel shall direct and supervise all~~  
27 ~~the department of personnel's administrative and technical~~  
28 ~~activities in accordance with the provisions of this chapter and~~  
29 ~~the rules adopted under it.)~~

30 (1) The director of human resources shall prepare for  
31 consideration by the board proposed rules required by this  
32 chapter. (~~The director's salary shall be fixed by the governor.~~

33 ~~(4))~~ (2) The director of (~~personnel~~) human resources may  
34 delegate to any agency the authority to perform administrative and  
35 technical personnel activities if the agency requests such  
36 authority and the director of (~~personnel~~) human resources is  
37 satisfied that the agency has the personnel management

1 capabilities to effectively perform the delegated activities. The  
2 director of (~~personnel~~) human resources shall prescribe  
3 standards and guidelines for the performance of delegated  
4 activities. If the director of (~~personnel~~) human resources  
5 determines that an agency is not performing delegated activities  
6 within the prescribed standards and guidelines, the director shall  
7 withdraw the authority from the agency to perform such activities.

8 **Sec. 11.** RCW 41.50.010 and 1994 c 197 s 30 are each amended to read  
9 as follows:

10 As used in this chapter, unless the context clearly indicates  
11 otherwise:

12 (1) "Actuarial value" means the present value of a change in  
13 actuarial liability(~~(+)~~).

14 (2) "Department" means the department of (~~retirement systems;~~  
15 ~~and~~) human resources.

16 (3) "Director" means the director of the department of  
17 (~~retirement systems~~) human resources.

18 **Sec. 12.** RCW 41.54.010 and 1998 c 341 s 702 are each amended to  
19 read as follows:

20 The definitions in this section apply throughout this chapter  
21 unless the context clearly requires otherwise.

22 (1) "Base salary" means salaries or wages earned by a member of  
23 a system during a payroll period for personal services and  
24 includes wages and salaries deferred under provisions of the  
25 United States internal revenue code, but shall exclude overtime  
26 payments, nonmoney maintenance compensation, and lump sum payments  
27 for deferred annual sick leave, unused accumulated vacation,  
28 unused accumulated annual leave, any form of severance pay, any  
29 bonus for voluntary retirement, any other form of leave, or any  
30 similar lump sum payment.

31 (2) "Department" means the department of (~~retirement systems~~)  
32 human resources.

33 (3) "Director" means the director of the department of  
34 (~~retirement systems~~) human resources.

35 (4) "Dual member" means a person who (a) is or becomes a member  
36 of a system on or after July 1, 1988, (b) has been a member of one

1 or more other systems, and (c) has never been retired for service  
2 from a retirement system and is not receiving a disability  
3 retirement or disability leave benefit from any retirement system  
4 listed in RCW 41.50.030 or subsection (6) of this section.

5 (5) "Service" means the same as it may be defined in each  
6 respective system. For the purposes of RCW 41.54.030, military  
7 service granted under RCW 41.40.170(3) or 43.43.260 may only be  
8 based on service accrued under chapter 41.40 or 43.43 RCW,  
9 respectively.

10 (6) "System" means the retirement systems established under  
11 chapters 41.32, 41.40, 41.44, 41.35, and 43.43 RCW; plan 2 of the  
12 system established under chapter 41.26 RCW; and the city employee  
13 retirement systems for Seattle, Tacoma, and Spokane. The inclusion  
14 of an individual first class city system is subject to the  
15 procedure set forth in RCW 41.54.061.

16 **Sec. 13.** RCW 43.17.010 and 1993 sp.s. c 2 s 16, 1993 c 472 s 17,  
17 and 1993 c 280 s 18 are each reenacted and amended to read as  
18 follows:

19 There shall be departments of the state government which shall  
20 be known as (1) the department of social and health services, (2)  
21 the department of ecology, (3) the department of labor and  
22 industries, (4) the department of agriculture, (5) the department  
23 of fish and wildlife, (6) the department of transportation, (7)  
24 the department of licensing, (8) the department of general  
25 administration, (9) the department of community, trade, and  
26 economic development, (10) the department of veterans affairs,  
27 (11) the department of revenue, (12) the department of  
28 (~~retirement systems~~) human resources, (13) the department of  
29 corrections, (~~and~~) (14) the department of health, and (15) the  
30 department of financial institutions, which shall be charged with  
31 the execution, enforcement, and administration of such laws, and  
32 invested with such powers and required to perform such duties, as  
33 the legislature may provide.

34 **Sec. 14.** RCW 43.17.020 and 1995 1st sp.s. c 2 s 2 are each amended  
35 to read as follows:

36 There shall be a chief executive officer of each department to

1 be known as: (1) The secretary of social and health services, (2)  
2 the director of ecology, (3) the director of labor and industries,  
3 (4) the director of agriculture, (5) the director of fish and  
4 wildlife, (6) the secretary of transportation, (7) the director of  
5 licensing, (8) the director of general administration, (9) the  
6 director of community, trade, and economic development, (10) the  
7 director of veterans affairs, (11) the director of revenue, (12)  
8 the director of (~~retirement systems~~) human resources, (13) the  
9 secretary of corrections, (~~and~~) (14) the secretary of health,  
10 and (15) the director of financial institutions.

11 Such officers, except the secretary of transportation and the  
12 director of fish and wildlife, shall be appointed by the governor,  
13 with the consent of the senate, and hold office at the pleasure of  
14 the governor. The secretary of transportation shall be appointed by  
15 the transportation commission as prescribed by RCW 47.01.041. The  
16 director of fish and wildlife shall be appointed by the fish and  
17 wildlife commission as prescribed by RCW 77.04.055.

18 **Sec. 15.** RCW 42.17.2401 and 1996 c 186 s 504 are each amended to  
19 read as follows:

20 For the purposes of RCW 42.17.240, the term "executive state  
21 officer" includes:

22 (1) The chief administrative law judge, the director of  
23 agriculture, the administrator of the office of marine safety, the  
24 administrator of the Washington basic health plan, the director of  
25 the department of services for the blind, the director of the  
26 state system of community and technical colleges, the director of  
27 community, trade, and economic development, the secretary of  
28 corrections, the director of ecology, the commissioner of  
29 employment security, the chairman of the energy facility site  
30 evaluation council, the secretary of the state finance committee,  
31 the director of financial management, the director of fish and  
32 wildlife, the executive secretary of the forest practices appeals  
33 board, the director of the gambling commission, the director of  
34 general administration, the secretary of health, the administrator  
35 of the Washington state health care authority, the executive  
36 secretary of the health care facilities authority, the executive  
37 secretary of the higher education facilities authority, the

1 executive secretary of the horse racing commission, the director  
2 of human resources, the executive secretary of the human rights  
3 commission, the executive secretary of the indeterminate sentence  
4 review board, the director of the department of information  
5 services, the director of the interagency committee for outdoor  
6 recreation, the executive director of the state investment board,  
7 the director of labor and industries, the director of licensing,  
8 the director of the lottery commission, the director of the office  
9 of minority and women's business enterprises, the director of  
10 parks and recreation, (~~the director of personnel,~~) the executive  
11 director of the public disclosure commission, (~~the director of~~  
12 ~~retirement systems,~~) the director of revenue, the secretary of  
13 social and health services, the chief of the Washington state  
14 patrol, the executive secretary of the board of tax appeals, the  
15 secretary of transportation, the secretary of the utilities and  
16 transportation commission, the director of veterans affairs, the  
17 president of each of the regional and state universities and the  
18 president of The Evergreen State College, each district and each  
19 campus president of each state community college;

20 (2) Each professional staff member of the office of the  
21 governor;

22 (3) Each professional staff member of the legislature; and

23 (4) Central Washington University board of trustees, board of  
24 trustees of each community college, each member of the state board  
25 for community and technical colleges, state convention and trade  
26 center board of directors, (~~committee for deferred~~  
27 ~~compensation,~~) Eastern Washington University board of trustees,  
28 Washington economic development finance authority, The Evergreen  
29 State College board of trustees, executive ethics board, forest  
30 practices appeals board, forest practices board, gambling  
31 commission, Washington health care facilities authority, each  
32 member of the Washington health services commission, higher  
33 education coordinating board, higher education facilities  
34 authority, horse racing commission, state housing finance  
35 commission, human rights commission, indeterminate sentence review  
36 board, board of industrial insurance appeals, information services  
37 board, interagency committee for outdoor recreation, state  
38 investment board, commission on judicial conduct, legislative

1 ethics board, liquor control board, lottery commission, marine  
2 oversight board, Pacific Northwest electric power and conservation  
3 planning council, parks and recreation commission, personnel  
4 appeals board, board of pilotage commissioners, pollution control  
5 hearings board, public disclosure commission, public pension  
6 commission, shorelines hearing board, public employees' benefits  
7 board, board of tax appeals, transportation commission, University  
8 of Washington board of regents, utilities and transportation  
9 commission, Washington state maritime commission, Washington  
10 personnel resources board, Washington public power supply system  
11 executive board, Washington State University board of regents,  
12 Western Washington University board of trustees, and fish and  
13 wildlife commission.

14       **Sec. 16.** RCW 43.33A.020 and 1985 c 195 s 1 are each amended to read  
15 as follows:

16       There is hereby created the state investment board to consist  
17 of fourteen members to be appointed as provided in this section.

18       (1) One member who is an active member of the public employees'  
19 retirement system and has been an active member for at least five  
20 years. This member shall be appointed by the governor, subject to  
21 confirmation by the senate, from a list of nominations submitted  
22 by organizations representing active members of the system. The  
23 initial term of appointment shall be one year.

24       (2) One member who is an active member of the law enforcement  
25 officers' and fire fighters' retirement system and has been an  
26 active member for at least five years. This member shall be  
27 appointed by the governor, subject to confirmation by the senate,  
28 from a list of nominations submitted by organizations representing  
29 active members of the system. The initial term of appointment shall  
30 be two years.

31       (3) One member who is an active member of the teachers'  
32 retirement system and has been an active member for at least five  
33 years. This member shall be appointed by the superintendent of  
34 public instruction subject to confirmation by the senate. The  
35 initial term of appointment shall be three years.

36       (4) The state treasurer or the assistant state treasurer if  
37 designated by the state treasurer.

1 (5) A member of the state house of representatives. This member  
2 shall be appointed by the speaker of the house of representatives.

3 (6) A member of the state senate. This member shall be appointed  
4 by the president of the senate.

5 (7) One member who is a retired member of a state retirement  
6 system shall be appointed by the governor, subject to confirmation  
7 by the senate. The initial term of appointment shall be three  
8 years.

9 (8) The director of the department of labor and industries.

10 (9) The director of the department of ((retirement systems))  
11 human resources.

12 (10) Five nonvoting members appointed by the state investment  
13 board who are considered experienced and qualified in the field of  
14 investments.

15 The legislative members shall serve terms of two years. The  
16 initial legislative members appointed to the board shall be  
17 appointed no sooner than January 10, 1983. The position of a  
18 legislative member on the board shall become vacant at the end of  
19 that member's term on the board or whenever the member ceases to  
20 be a member of the senate or house of representatives from which  
21 the member was appointed.

22 After the initial term of appointment, all other members of the  
23 state investment board, except ex officio members, shall serve  
24 terms of three years and shall hold office until successors are  
25 appointed. Members' terms, except for ex officio members, shall  
26 commence on January 1 of the year in which the appointments are  
27 made.

28 Members may be reappointed for additional terms. Appointments  
29 for vacancies shall be made for the unexpired terms in the same  
30 manner as the original appointments. Any member may be removed from  
31 the board for cause by the member's respective appointing  
32 authority.

33 NEW SECTION. **Sec. 17.** The following acts or parts of acts are each  
34 repealed:

35 (1) RCW 41.06.030 (Department of personnel established) and 1993 c  
36 281 s 20 & 1961 c 1 s 3;

1 (2) RCW 41.50.020 (Department of retirement systems--Created--  
2 Director) and 1975-'76 2nd ex.s. c 105 s 4; and

3 (3) RCW 41.50.050 (Powers, duties, and functions of director) and  
4 1995 c 239 s 317, 1993 c 61 s 1, 1987 c 505 s 24, 1981 c 3 s 33,  
5 1977 ex.s. c 251 s 1, & 1975-'76 2nd ex.s. c 105 s 7.

6 NEW SECTION. **Sec. 18.** The director of personnel and the director  
7 of retirement systems shall, by December 1, 2001, jointly submit a  
8 plan to the governor for consolidation and smooth transition of  
9 the department of personnel and the department of retirement  
10 systems into the department of human resources. The plan shall  
11 include, but not be limited to, recommendations for any additional  
12 statutory changes necessary to implement the consolidated agency.

13 NEW SECTION. **Sec. 19.** Sections 1 through 6 of this act  
14 constitute a new chapter in Title 43 RCW.

15 NEW SECTION. **Sec. 20.** Sections 1 through 17 of this act take  
16 effect July 1, 2002.

17 NEW SECTION. **Sec. 21.** If any provision of this act or its  
18 application to any person or circumstance is held invalid, the  
19 remainder of the act or the application of the provision to other  
20 persons or circumstances is not affected.

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